List of Attachments

Attachment 1: Letter from CEC Public Adviser Margret Kim to CBE Legal

Director Scott Kuhn.

Attachment 2: List of CBE staff members to include on the "interested persons"

list.

Attachment 3: "The Well Oiled Deal: Taking away local control of refineries is

a family matter," by William J. Kelly, L.A. Weekly, March 31,

2004.

Attachment 4: Proposal Submitted to CEC by WSPA on March 17, 2004.

Attachment 5: Email from Gordon Schremp to Gina Grey, Feb. 2, 2004.

Attachment 6: Email from Rick Buell to Gina Grey, Feb. 18, 2004.

Attachment 7: Email from Rick Buell to Cathy Reheis, Feb. 23, 2004.

Attachment 8: Email from Cathy Reheis to Chris Tooker, March 2, 2004.

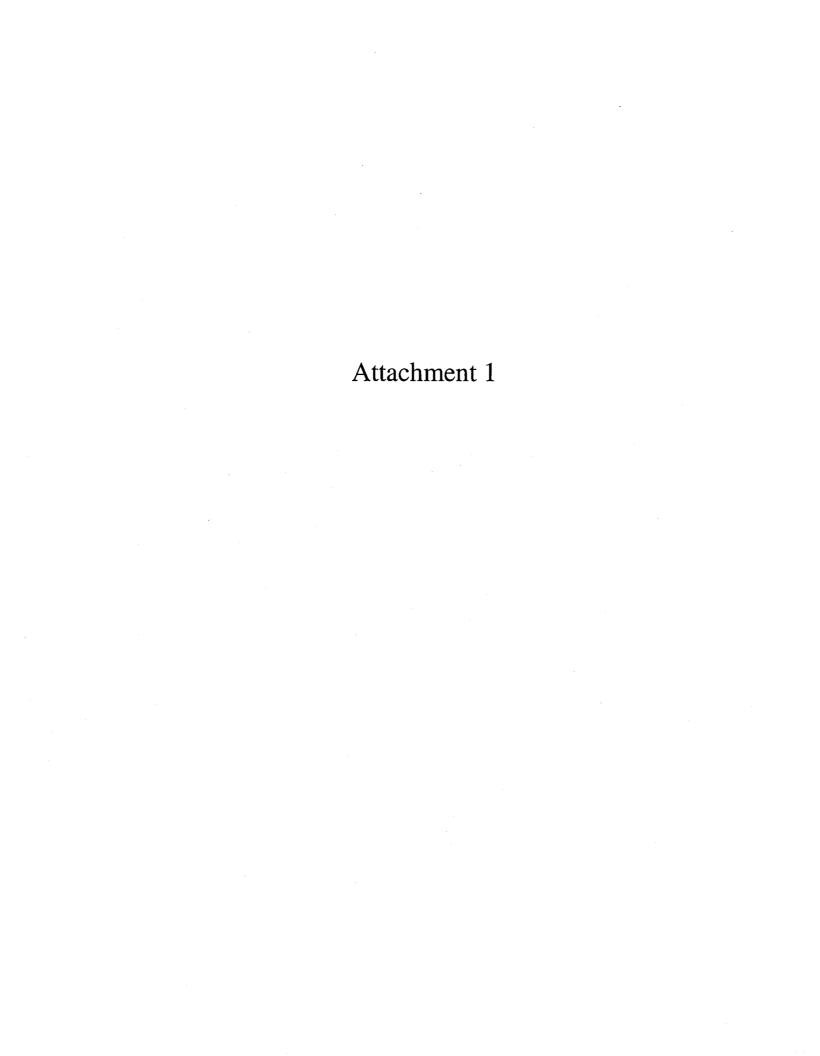
Attachment 9: Email form Chris Tooker to Cathy Reheis, March 10, 2004.

Attachment 10: Letter from Barry Wallerstein to Bob Therkelsen, March 4, 2004.

Attachment 11: Petroleum Infrastructure General Obstacles list

Attachment 12: "Is the EPA Doing Enough?" by Jeff Classsen and Scott

Streater, Fort Worth Star Telegram, July 18, 2004.



CALIFORNIA ENERGY COMMISSION

Margret J. Kim Public Adviser

February 26, 2004



Mr. Scott Kuhn Communities For a Better Environment 1611 Telegraph Ave., Suite 450, Oakland, CA 94609

Dear Scott:

The California Energy Commission (CEC) and the California League of Conservation Voters (CLCV) invite you to a community forum to discuss CEC's recommendations on California petroleum infrastructure permitting.

We are extremely interested in your opinions and experiences about the current petroleum infrastructure permitting process in California and how it might be improved upon. As we initiate a process of collaboration with all stakeholders involved in this issue, it is very important to us that the environmental justice and labor communities provide input and feed-back throughout the entire process – from start to finish (whatever that may turn out to be).

We will be holding two identical workshops – one in Southern California and one in Northern California – during the week of March 22nd to present initial recommendations and a brief background on CEC's siting process (from outreach to public participation to the importance of environmental justice).

The Northern California meeting has yet to be scheduled, but the Southern California meeting will occur:

Wednesday, March 24, 2004 -- 6 p.m. to 9 p.m.
Banning's Landing Community Center -- 100 E. Water St., Wilmington, CA 90748
-- Free Parking -- Simultaneous translations in Spanish and light dinner will be provided.

We are attaching several items to provide you with some background material prior to the workshop. Included are the following enclosures:

(1) Meeting Agenda;

(2) The Transportation Energy Section of the CEC's 2003 Integrated Energy Policy Report; and,

(3) Background information on Petroleum Infrastructure Permit Consolidation and CEC's Power Plant Siting Process.

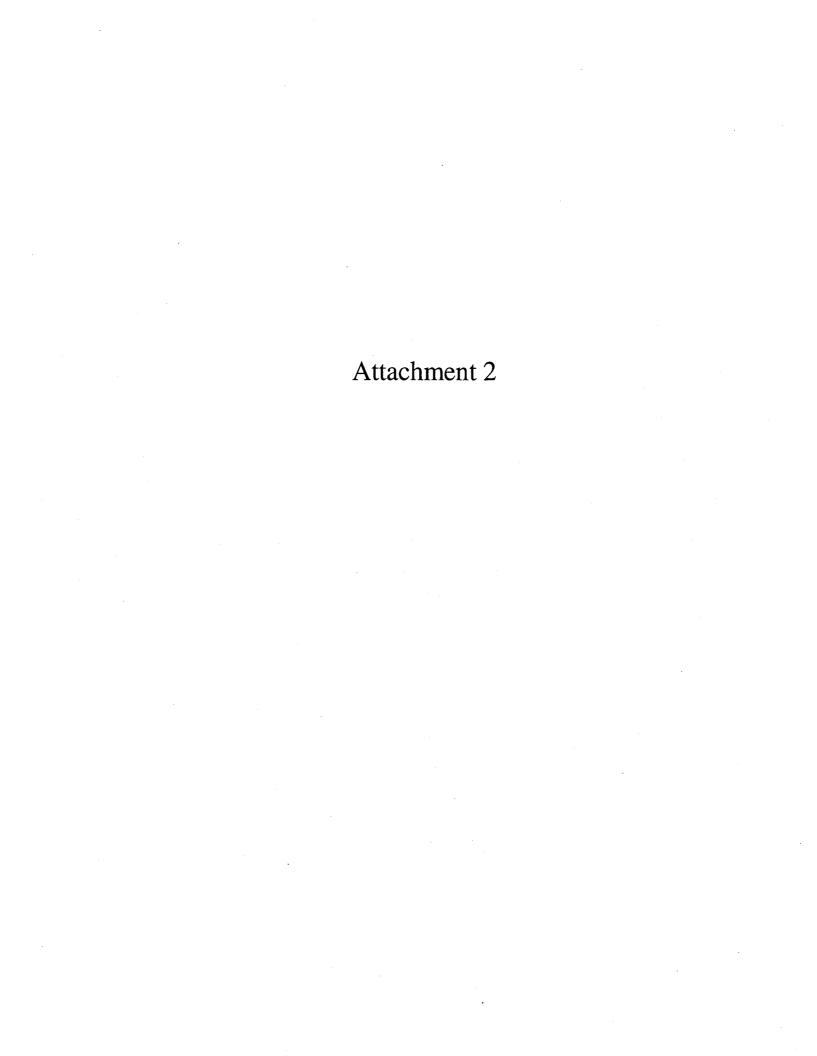
If you are unable to attend, but wish to send another staff or colleague familiar with these issues, please feel free to do so. If you have questions, please feel free to call our office at (916) 654-4489.

Sincerely,

Margret √. Kim

Public Adviser

Enclosures



Attachment 2

List of CBE Staff Members to Include on "Interested Persons" List for CEC One-Stop Permitting for Petroleum Infrastructure.

Scott Kuhn, Legal Director Communities for a Better Environment 5610 Pacific Blvd., Suite 203 Huntington Park, CA 90255

Fax: 323-588-7079

Phone: 323-826-9771 x108

Maria Hall, Staff Attorney Communities for a Better Environment 5610 Pacific Blvd., Suite 203 Huntington Park, CA 90255

Fax: 323-588-7079

Phone: 323-826-9771 x121

Will Rostov, Staff Attorney Communities for a Better Environment 1611 Telegraph Ave., Suite 450 Oakland, CA 94612

Fax: 510-302-0438

Phone: 510-302-0430 x202

Bahram Fazeli, Southern California Program Director Communities for a Better Environment 5610 Pacific Blvd., Suite 203 Huntington Park, CA 90255

Fax: 323-588-7079

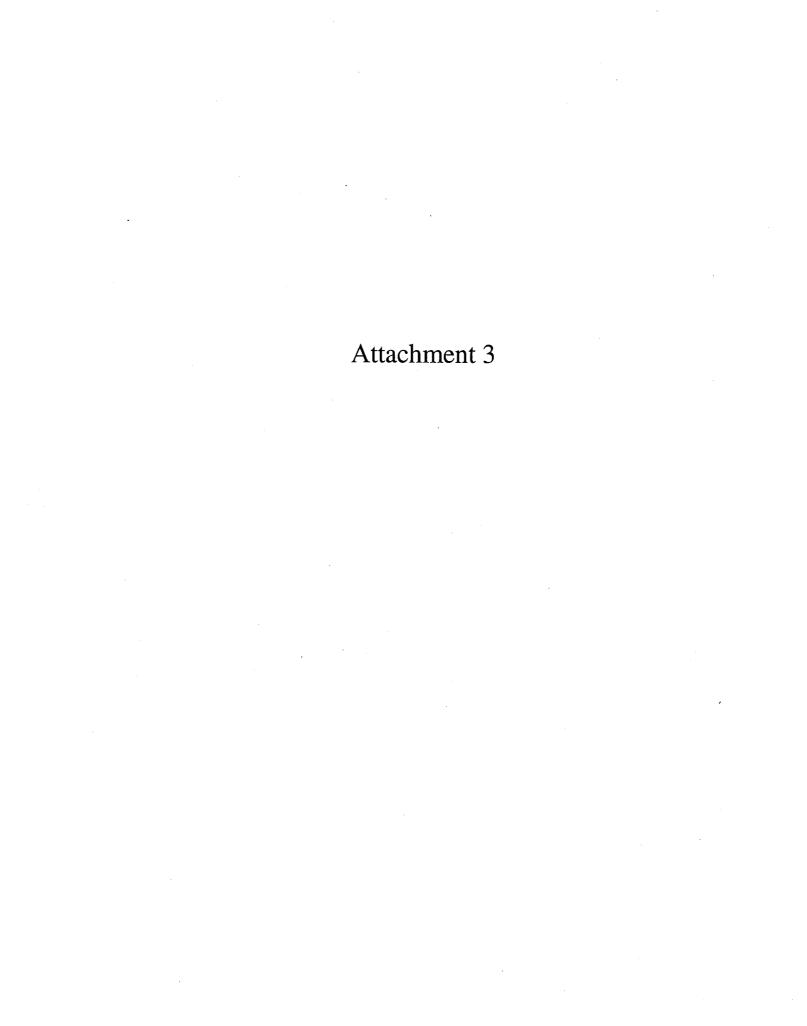
Phone: 323-826-9771 x100

Greg Karras, Senior Scientist Communities for a Better Environment 1611 Telegraph Ave., Suite 450 Oakland, CA 94612 Fax: 510-302-0438

Fax: 510-302-0438 Phone: 510-302-0430

Agustin Cheno Eichwald Communities for a Better Environment 5610 Pacific Blvd., Suite 203 Huntington Park, CA 90255

Fax: 323-588-7079 Phone: 323-826-9771



THE WELL-OILED DEAL

Taking away local control of refineries is a family matter BY WILLIAM J. KELLY

A SICKENING ODOR OF GASOLINE hung along Wilmington's waterfront as people filed out of last week's meeting with California Energy Commission officials on a state proposal to minimize local say over construction of oil-industry facilities. Vapors from a nearby refinery or tanker ship were a pungent reminder of why residents of Wilmington, Carson and other refinery communities had come to oppose the state's power grab. They argued that because their neighborhoods are home to the state's major oil port and refining center, they and their local governments should have a say when petroleum facilities are expanded.

Little did they know that the proposal is backed by a powerful husband-wife team: commission member James D. Boyd and his wife, Catherine Reheis-Boyd, chief of staff for the Western States Petroleum Association and the industry's registered lobbyist in Sacramento.

"I've built a firewall between myself and that proposal," said Commissioner Boyd. "I am basically not participating in that proceeding." The commissioner said he was proud of his 25 years with the state in working to clean California's air and move toward alternative fuels, but that demand for gasoline is quickly outstripping supply, so the commission had an obligation to examine ways to increase supply. "The economy is going to be hurt by not making enough fuel available as soon as possible."

Reheis-Boyd would not grant an interview Western States spokesman Dave Fogarty said association attorneys have helped her to avoid any conflicts. For instance, he said, she has stopped testifying at commission meetings.

The plan being pushed in Wilmington by commission staff members last week would grant power to the Energy Commission to issue permits for new or expanded oil refineries, pipelines, storage facilities and port terminals. The commission contends that "inefficient and overlapping" layers of government permits for

land use, air and water pollution, and construction issued by cities and regional agencies—such as the South Coast Air Quality Management District and the Los Angeles Regional Water Quality Control Board—have prevented oil-facility expansions and have left the state facing a gasoline shortage and rising prices.

The plan also would eliminate the right of cities and community groups to sue over state approvals of petroleum facilities, except in the state Supreme Court. Unlike lower courts, which generally must hear any valid case, the Supreme Court can simply deny a hearing.

AB 1991, a bill introduced by Assemblyman Alan Lowenthal (D—Long Beach), would make the commission's plan state law. "They came to us and asked him to carry the bill," said the legislator's chief of staff, John Casey. However, the negative community reaction to the commission's plan has Lowenthal reconsidering whether to push for passage of the bill, Casey said.

The so-called one-stop permitting plan for California's oil industry grew out of the state's integrated-energy-policy report, explained commission spokesperson Susanne Garfield. She said Commissioner Boyd helped write that report, which calls for increased use of alternative fuels and a 15 percent reduction in use of petroleum, but also includes the oil industry—supported one-stop permit plan.

The one-stop process would cover expansions of 13 major refineries that process 1.9 million barrels of oil a day — and the associated shipping terminals, pipelines and storage tanks that serve them — making California the third biggest petroleum-refining state in the nation.

FORMER GOVERNOR GRAY DAVIS appointed the 64-year-old Boyd to the \$114,000 post early in 2002. He formerly served as chief of staff of the California Resources Agency and as executive officer of the California Air Resources Board. Boyd is credited with having a hand in

several innovative environmental programs, including alternative fuels and development of electric vehicles.

At the Energy Commission, Boyd presided at the charge of the energy plan moved

over development of the energy plan, moved approval of the plan, and voted for it.

That plan came to fruition last year when

That plan came to fruition last year when the commission considered how to deal with the growing imbalance between gasoline demand and supply and outlined a series of options to reduce demand by increasing the use of alternative automotive fuels, such as natural gas, and encouraging more fuel-efficient cars. Action on those options is moving slowly, and gasoline demand is continuing to increase.

Meanwhile, the commission also examined expanding the facilities needed to import, store and refine more oil and gasoline in California, including a consultant's report concluding that land-use, building and air-pollution-control permits from cities and California's local air-pollution-control districts were the biggest obstacles to constructing new oil facilities.

"The Energy Commission should recommend to the governor and Legislature that the state develop a state-mandated licensing authority for the permitting of petroleum infrastructure," Joe Sparano, president of the Western States Petroleum Association and Reheis-Boyd's boss, told Commissioner Boyd last August at a meeting he presided over in developing the state energy report.

Within a couple of months, commission staff had inserted that suggestion into the report. In an October meeting in Bakersfield held at the behest of the Western States Petroleum Association, Sparano congratulated Boyd and the commission for including onestop permitting for new petroleum facilities in its energy report, but asked that the commission go one step further by centralizing at the state level approval of any modifications to existing oil-industry facilities.

On November 12, Boyd moved approval of the report, which recommended "a one-stop licensing process for petroleum infrastructure" and joined his fellow commissioners in a unanimous yes vote on the document.

Following that approval, Chandler said, Energy Commissioner John Geesman took over the commission's work to carry out the report's recommendations, and Boyd took a back seat.

By February, the staff had suggested the bill introduced by Lowenthal, who since 2000 has taken some \$31,000 in campaign contributions from oil companies.

City officials maintain that one-stop permitting is unneeded because the industry has been able to expand and upgrade its facilities under the existing locally based permit process "We generally have a fairly good relationship," said Sheri Repp, planning manager for the city of Carson, which opposes the commission plan "We have our fair share of petroleum facilities compared to other California communities."

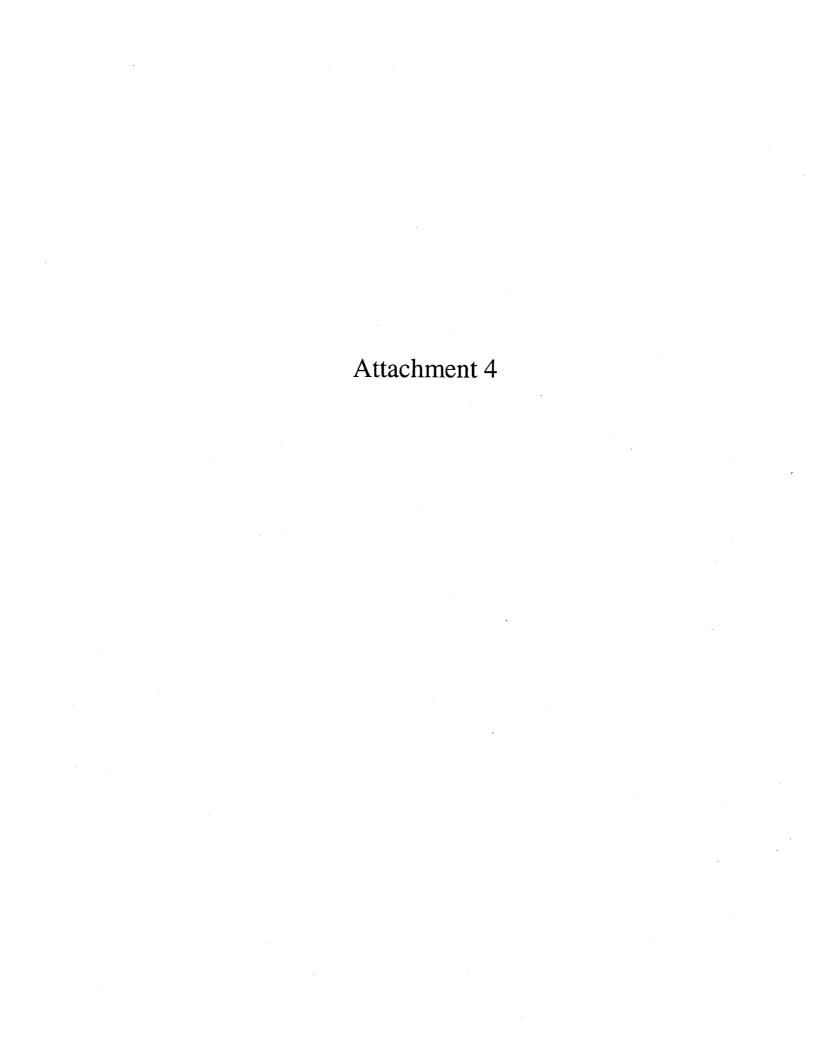
For example, last month the city's Planning Commission approved permits for Kinder Morgan Inc. to expand its oil-storage facility by installing enough tanks to store nearly another 1.5 million gallons of oil products, although in the next month the full City Council is expected to reconsider the decisior due to community concern.

Fogarty said that while the Western States Petroleum Association has not endorsed the Lowenthal bill and the commission's plan, it believes that unless steps are taken to speed construction of new petroleum refineries and facilities, gas prices may stay high. The association believes that government agencies can quickly approve such facilities without compromising environmental safeguards, he said.

The Energy Commission's plan for licensing oil facilities is modeled after state rules for approving construction of electric-power plants. Under those rules, the commission coordinates with local and regional agencies, but has the sole authority to approve construction—unlike almost all other construction, which requires local approval.

"The nature of the oil industry does make it different than the power industry," said Agustin Cheno Eichwald, Wilmington organizer for Communities for a Better Environment. "If you know the history of the refineries, there's a lot more volatility. There've been explosions in Wilmington." Refineries, he said, have had numerous fires and accidents where clouds of smoke and oil have blanketed neighborhoods. They often release sulfurous odors.

Even storage facilities can present a problem. Last fall, for instance, the South Coast Air Quality Management District issued three notices of violation to Kinder Morgan for causing objectionable odors in Carson.



<u>Draft Proposal to Streamline Permitting and Rules Affecting Transportation</u> <u>Fuels Capacity</u>

It is increasingly evident that California transportation fuel supply is not keeping pace with growing demand. There have been absolute reductions in the number of refineries over the last several decades, and no new refineries are planned. Refiners find it increasingly difficult to tweak facilities to improve efficiencies and provide incremental capacity relief as they have done in previous years to meet demand growth. Finished product and blending stock imports are increasingly critical to balance supply-demand, but ports and other petroleum infrastructure facilities are proving to be inadequate for handling the increased volumes.

This proposal is directed at streamlining permitting and rulemaking affecting transportation fuels supplies, and establishes responsibility statewide to oversee and expedite projects and logistics which enhance the efficiency of the petroleum infrastructure. As outlined, it includes the following:

- 1. <u>Performance review</u> Identify best practices and special problems impacting gasoline supply; conclusions and recommendations; report to CEC, BHT, Resources and Governor.
- 2. <u>Designated responsibility</u> in CEC to expedite and intervene in permits, rules and projects affecting transportation fuel supply capacity and efficiencies.
- 3. Extraordinary authority for CEC to challenge rules and permitting actions adversely impacting transportation fuel supply.
 - Rulemaking CEC conclusions and findings must be considered by the regulatory agency and accepted or denied based on substantial evidence on the record.
 - Permits Delays and denials can be overturned by designated CEC Commissioner.
- 4. <u>CARB apply permit streamlining best practices of SCAQMD</u>, BAAQMD and others <u>statewide</u> to all air districts.
 - Same day issuance of ministerial permits (BAAQMD).
 - Use certified permit writers to supplement agency staff (SCAQMD).

2004 Action Plan Streamlined Permitting for Petroleum Infrastructure Projects

Executive Order – issue in 4 weeks; effective immediately on issuance:

- In 90 days, all CA agencies (1) identify and list all permits required by all agencies for petroleum infrastructure projects and related facilities in CA, and (2) describe all current procedures utilized in practice for streamlining and expediting permitting for those projects. Designated state agencies identify and list local, regional and federal agency permits, as well as state permits. State agencies report results to BHT/Legal Secretaries and the CEC.
- The Governor designates a statewide petroleum infrastructure permit facilitator (SPIPF). The Governor authorizes and directs the SPIPF to investigate and intervene in agency rulemaking, permitting and other proceedings affecting petroleum infrastructure projects in CA to suggest best practices and procedures for permit streamlining.
- For all CA energy infrastructure projects, the Governor authorizes and directs the Chairman of the CEC to designate individual CEC Commissioners to investigate and intervene in agency rulemaking, permitting and other proceedings affecting energy projects in CA to suggest best practices and procedures for permit streamlining.
- The Governor directs the BHT/Legal Secretaries to work with the Legislature to introduce and enact legislation in 2004 to streamline and expedite permitting for petroleum infrastructure projects in CA.

Petroleum Infrastructure Project Bill - introduce by 3/31/04; effective on 1/1/05:

- Streamline Air District Procedures for Ministerial Permit Actions at Refineries and Other Petroleum Industry Facilities and Establish State-wide Best Permitting Practices, including:
 - O Statutory provisions for (a) same-day permit issuance for permits that meet criteria for qualified projects and that are determined or deemed to be complete by a streamlined checklist system, and (b) streamlined procedures for hiring and relying on certified permit application reviewers. Effective 3/1/05 unless modified by ARB for compelling health or environmental reasons.
 - o Continuous improvement process for ARB to identify, recommend and, if appropriate, adopt additional procedures for streamlining and expediting air district permitting for petroleum infrastructure projects.
- Streamline Deadlines and Appeals of Permitting of Refineries and Other Petroleum Industry Facilities by Air Districts, including:
 - O The CEC chairman designates individual CEC commissioners to review and expedite air district permitting of petroleum infrastructure projects.

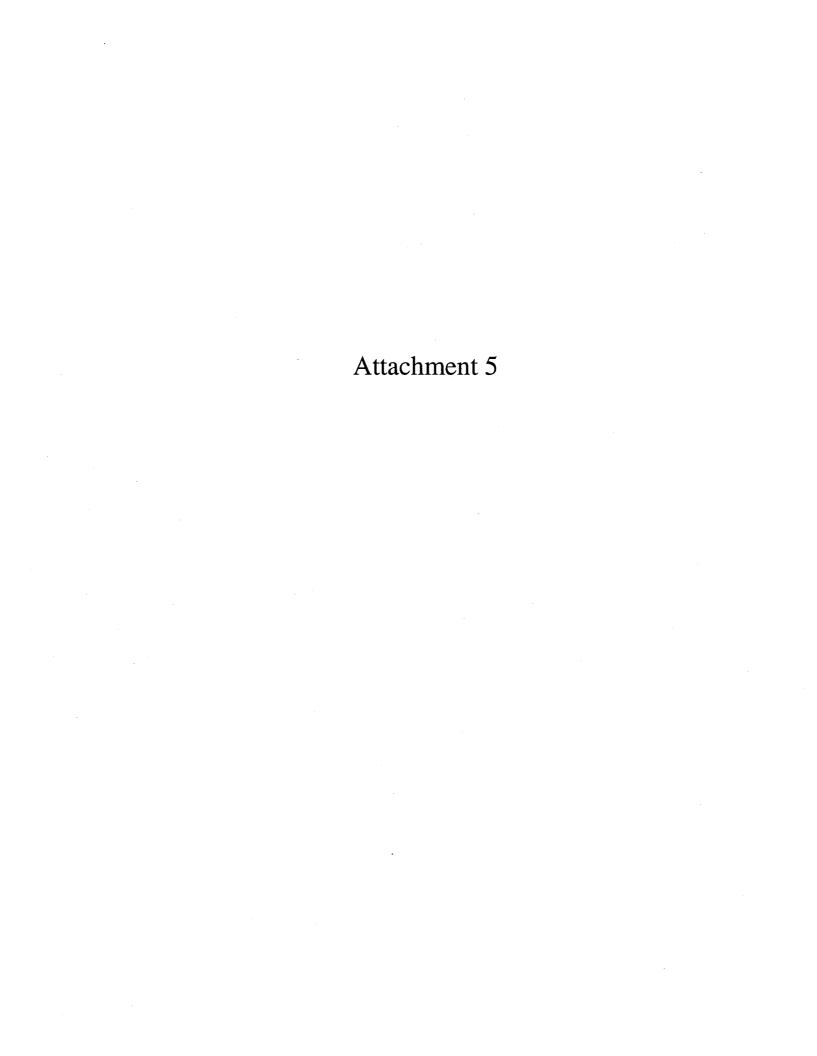
Petroleum Infrastructure General Obstacles to Optimizing Product Delivery

The following are comments from facility operators that have either (1) caused significant delays in the maintenance, modification, or expansion of facilities and infrastructure or (2) resulted in the cancellation or postponement of new facilities and infrastructure.

- Unpredictable Lengthy Permit and License Application Review Process
- Unreasonable Baseline Determinations
- Inconsistent Permit and License Application Review
- Lack of Consistency in Permit Conditions
- Substantial Data Requirements without Connection to Environmental Benefit
- Use of Permitting Process to "Look for a Problem" versus "Setting Requirements"
- Requirement for Extraneous Information
- Excessively Restrictive Permit Conditions (i.e., dictating equipment type)
- Excessive Upfront Information Demands
- Disregard by Regulators of Schedules while Setting Demanding Applicant Deadlines
- Forced Acceptance of Onerous Conditions Due to Late Delivery of Agency Approval
- Lack of Environmental Credits (i.e., Air Emission Reduction Credits)
- Lock Out of Petroleum Infrastructure from Priority Reserve (utilities only) Programs
- Inconsistent and Expansive Cumulative Impact Requirements
- Inconsistent and Expansive Risk Assessment Requirements
- Lack of Direction and Scope regarding Environmental Justice
- Significant Agency Project Manager/Engineer Deficiencies
- Barriers Caused by Protected Species Review Requirements (for repair of delivery systems)
- Lack of Expedited Permitting Structure for Small Projects (i.e., single IC engine)
- Lack of Coordination among Multiple Agencies

Potential solutions for many of the above issues may include:

- Streamlining Ministerial Permit Actions
- Establish Expedited Permit Decision and Appeal Deadlines
- Consider Critical Petroleum Infrastructure Consistent with Utility Infrastructure
- Conduct Comprehensive Review for Consistency of Petroleum Infrastructure Regulations



Gordon Schremp - Lead Permit Authority and Petroleum Infrastructure

From:

Gordon Schremp

To:

gina@wspa.org

Date:

2/2/2004 7:20 PM

Subject: Lead Permit Authority and Petroleum Infrastructure

CC:

Daryl Metz; Pat Perez; Rick Buell

Gina Grey Western States Petroleum Association

Gina:

Per my voicemail, staff at the Energy Commission are scheduling meetings with industry representatives to discuss the issues associated with lead permit authority for petroleum infrastructure. As you know, this issue was initially raised during the Integrated Energy Policy Report proceedings and later became one of the recommendations listed in the final report. The purpose of the meetings is to discuss the concept of lead permit authority, the structure such a process could take, and the various elements of the petroleum infrastructure that could be covered by such a lead permit authority. I have attached a copy of the draft agenda for your review. In addition, I have also included a copy of a background paper that describes the Energy Commission's power plant siting process.

We have set aside the following dates and times to conduct these meetings.

Thursday February 5, 9 AM to noon

Thursday February 5, 1:30 PM to 4:30 PM

Friday February 6, 9 AM to noon

Friday February 6, 1:30 PM to 4:30 PM

Monday February 9, 9 AM to noon

Monday February 9, 1:30 PM to 4:30 PM

Tuesday February 10, 9 AM to noon

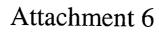
Tuesday February 10, 1:30 PM to 4:30 PM

Wednesday February 11, 9 AM to noon

Please indicate your first three preferences from the above dates and times. We will do our best to accommodate your first choice. I greatly appreciate your attention to this matter, especially due to the short notice. Feel free to call me directly if you have any questions.

Regards,

Gordon Schremp (916) 764-0458



Rick Buell - Petroleum Infrastructure Permitting

From: Rick Buell

To: Gina Grey; Joe Sparano

Date: 2/18/2004 3:38 PM

Subject: Petroleum Infrastructure Permitting

CC: Chris Tooker; Dave Maul; Melissa Jones; Mike Smith

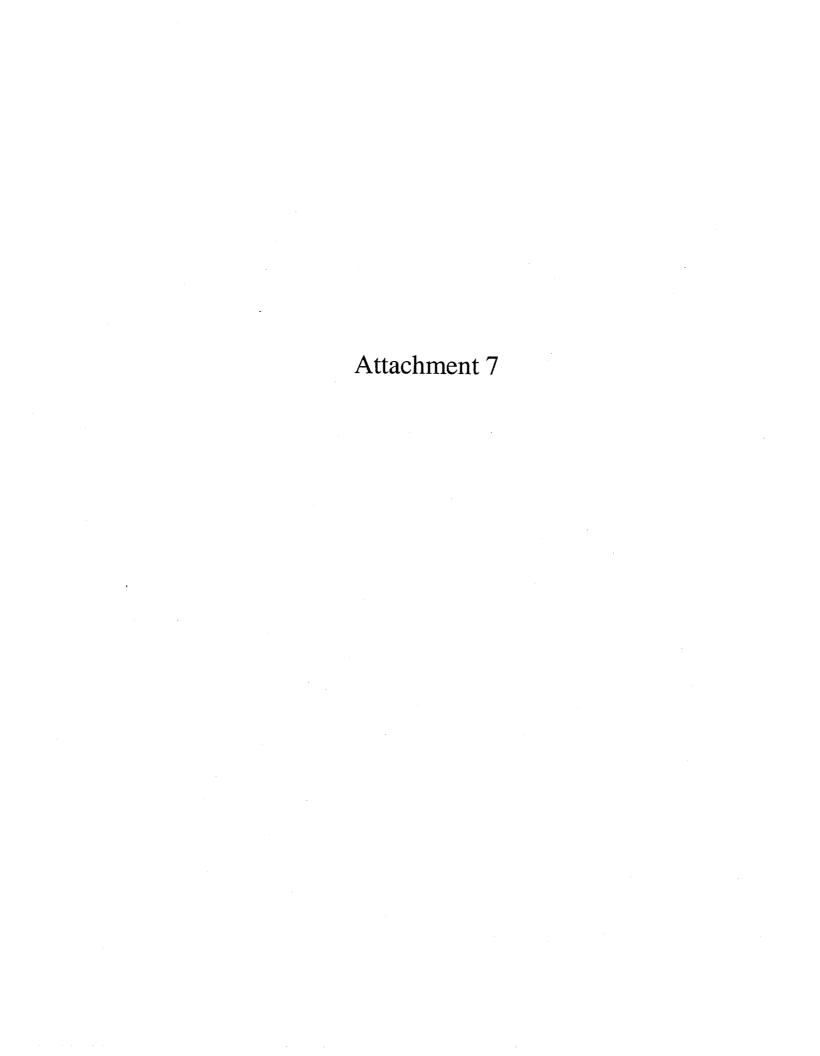
Gina Grey and Joe Sparano

I wanted to thank you for our meeting with WSPA last week. I believe it was informative for us, and hope that WSPA now as a better understanding of our intentions for petroleum infrastructure permitting. One think that we did not discuss is when we could expect to get comments on our concept or any suggested alternative permitting strategies that WSPA may prefer. Can you provide me your estimate of when we might expect WSPA comments or alternative permitting strategies?

If you would like more background on the Energy Commission's siting process or to discuss the specifics on our concept, please call or email me!

Thanks

Richard K. Buell 1516 Ninth Street, MS 48 Sacramento, CA 95814-5112 (916) 653-1614 fax 916 654-4368



From:

Rick Buell

To: Date:

Cathy Reheis 2/23/04 11:10AM

Subject:

RE: Meeting To Discuss Permitting Problems

Our contractor is avail, just about any time. The sooner the better, but let me know. I know it might take some time to get your technical folks on board. I will likely be out this afternoon. Leave me a voice mail or email me and Gordon and Daryl.

Richard K. Buell 1516 Ninth Street, MS 48 Sacramento, CA 95814-5112 (916) 653-1614 fax 916 654-4368

>>> "Cathy Reheis" <creheis@wspa.org> 02/22/04 10:51PM >>> Rick - Yes, Melissa confirmed via voicemail on Friday that the approach as outlined would be helpful. I'll call you to arrange a time to discuss the "go forward" plan with your team and the ICF contractor on Monday. Thanks for the continued dialogue. I'm confident that it will result in useful information to streamline the process.

----Original Message-----

From: Rick Buell [mailto:Rbuell@energy.state.ca.us]

Sent: Friday, February 20, 2004 4:12 PM

To: Cathy Reheis

Cc: Chris Tooker; Dave Maul; Daryl Metz; Gordon Schremp; Melissa Jones;

Pat Perez; Roger Johnson

Subject: Meeting To Discuss Permitting Problems

Cathy

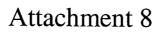
I understand we are all in agreement that WSPA's offer to meeting with our consultant and have a round table discussion on permit problems is a good idea. Our ICF contractor is in Washington DC, and we would like to set up a conference call/meeting for the discussion. Daryl Metz, Gordon Schremp, Roger Johnson and I would also like to listen in to the discussion. We can set the conference/conference call up here or we can come over to WSPA headquarters too. Give me a call or email me and let me know your desire. We should do this as soon as possible next week.

I forwarded the survey questions to you earlier.

Thanks

Richard K. Buell 1516 Ninth Street, MS 48 Sacramento, CA 95814-5112 (916) 653-1614 fax 916 654-4368

CC: Chris Tooker; Daryl Metz; Dave Maul; Gordon Schremp; Melissa Jones; Mike Smith; Pat Perez; Roger Johnson



From:

"Cathy Reheis" <creheis@wspa.org>

To:

"Chris Tooker" <Ctooker@energy.state.ca.us>

Date:

3/2/04 4:23PM

Subject:

RE: Petroleum Infrastructure Permitting

Thank you Chris for the explanation. I understand and appreciate the approach you are taking. Our efforts on establishing the process to gather information from our members with Tom's assistance is moving quite well. They are all engaged and interested in participating. Tom and I are discussing how we can be helpful in providing some information to you and your consultants for your upcoming local government meetings.

Thanks to you and your staff for allowing us to collaborate on this very important effort.

----Original Message----

From: Chris Tooker [mailto:Ctooker@energy.state.ca.us]

Sent: Tuesday, March 02, 2004 10:02 AM

To: Cathy Reheis

Cc: Rick Buell; Tom Umenhofer (E-mail)
Subject: Petroleum Infrastructure Permitting

Cathy - Rick and I had a good discussion with Tom Umenhoffer last week. We appreciate his involvement in helping to gather information. We want to establish a dialogue between WSPA and local governments on this critical issue, and believe that Tom can be helpful in this respect. However, we believe that it is critical that our intial meetings with local governments occur without industry participation to underscore our independence. We expect to have subsequent meetings to discuss the issues and potential solutions at which we will encourage both industry and local government representatives to participate.

Thank you again for your continuing efforts to help us address this very important issue. Chris

CC: "Rick Buell" <Rbuell@energy.state.ca.us>, "Tom Umenhofer (E-mail)" <TUmenhofer@entrix.com>

Attachment 9

From:

Chris Tooker Cathy Reheis

To: Date:

3/10/04 4:02PM

Subject:

RE: Check-in on Petroleum Inf. Permitting

Cathy - Thanks for the update on your end too!! I'm glad to hear that things are progressing. We look forward to receiving your inputs next week. Chris

>>> "Cathy Reheis" <creheis@wspa.org> 03/10/04 03:29PM >>>

Chris - Thanks so much for keeping me informed from your end. I talked with Tom yesterday and the responses from the WSPA companies are coming in nicely. We should have some initial thoughts for you by the middle of next week. Tom informed me that he is involved with an Issues Forum this Friday with Commissioner Geesman but after that will be spending time this weekend coalescing the responses he's receiving from the WSPA membership.

We are also getting much closer to finalizing concepts on the structure and CEC oversight role from our perspective (potential legislative components) that we would find helpful for you to consider. These two pieces I hope can come together next week such that we can sit down with you and have another constructive dialogue.

Does that approach sound acceptable?

From: Chris Tooker [mailto:Ctooker@energy.state.ca.us]

Sent: Wednesday, March 10, 2004 10:30 AM

To: Cathy Reheis

Cc: John Geesman; Melissa Jones; Rick Buell Subject: Check-in on Petroleum Inf. Permitting

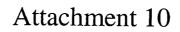
Cathy - I hope that all is going well with you. What is the status of the WSPA response to the CEC's proposal on Petroleum Infrastructure Permitting? And Tom Umenhoffer's product?

Our meetings with the cities/counties - one in the south (El Segundo) and one in the north (Banecia) went, as expected, with them feeling comfortable with the way things are - good working relationships with the industry - and no significant permitting process problems from their perspective. The air districts (not present) were identified as the primary cause of any delays. The locals want to maintain "local control" to better address local issues and negotiate "benefits" from the industry. No surprises here!!

The South Coast Air Quality Management District has expressed a significant interest (concern?) in the issue of petroleum infrastructure permitting and will be participating in our Environmental Justice Groups meeting in LA later this month. We have a good history of working closely with South Coast on power plant permitting issues and hope to do the same on petroleum infrastructure permitting. I'll keep you informed.

CC:

John Geesman; Melissa Jones; Rick Buell





South Coast Air Quality Management District

21865 E. Copley Drive, Diamond Bar, CA 91765-4182 (909) 396-2000 · www.aqmd.gov

Office of the Executive Officer Barry R. Wallerstein, D.Er v. 909.396.2100, fax 909.396.3:40

March 4, 201)4

Mr. Bob Therkelsen Executive Director California Energy Commission 1516 Ninth Street Sacramento, CA 95814-5512

Dear Mr. Therkelsen:

The South Coast Air Quality Management District (AQMD) staff has received notice and inquiries from members of the public regarding invitations sent by the California Energy Commission (CEC) to individuals to attend a meeting that CEC has scheduled in Wilmington to discuss petroleum infrastructure permitting. We have subsequently learned from your staff that CEC has also schedule i a meeting in El Segundo for today with local government agencies to talk about "Problems and Solutions" for Petroleum Infrastructure Permitting.

As you know, the AQMD is the local agency with authority for local air permits, as well as the federal Title V air permits in the South Coast area. Your agency's activities create a grave concern on our part, since CEC neither informed us in advance nor invited us, as a local government agency to participate in these meetings, which are set in our area to discuss permitting issues. In addition, CEC did not give us any prior notice nor seek any of our input about CEC's recommendation to "establish a one-stop licensing process for petroleum infrastructure, including refineries, import and storage facilities, and pipelines..." as stated in CEC's Integrated Energy Policy Report (IEPR), date is December 2003. The members of the public who have contacted us have also expressed concerns to us regarding the fact that AQMD has not been informed by CEC about the CEC recommendations in the IEPR report or the meeting.

AQMD has extensive experience in permitting the refineries and terminals, particularly as related to the Clean Fuels Projects (Phases I, II and III), and has worked very closely with the public, refineries and U.S. EPA on the Title V permits for refineries. The AQMD has also worked very closely with CEC in the past in matters related to licensing of power plants and in particular on energy permitting issues during the California energy crisis. We are disappointed that CEC has publicly embarked on the concept of one-stop permitting for refineries, terminals and other related petroleum operations without even discussing this concept with AQMD or giving us advance notices of your meetings.

Sincerely,

Barry R. Wallerstein, D.Env.

Executive Officer

MN:am

Clearing the ser mis my longer.

Attachment 11

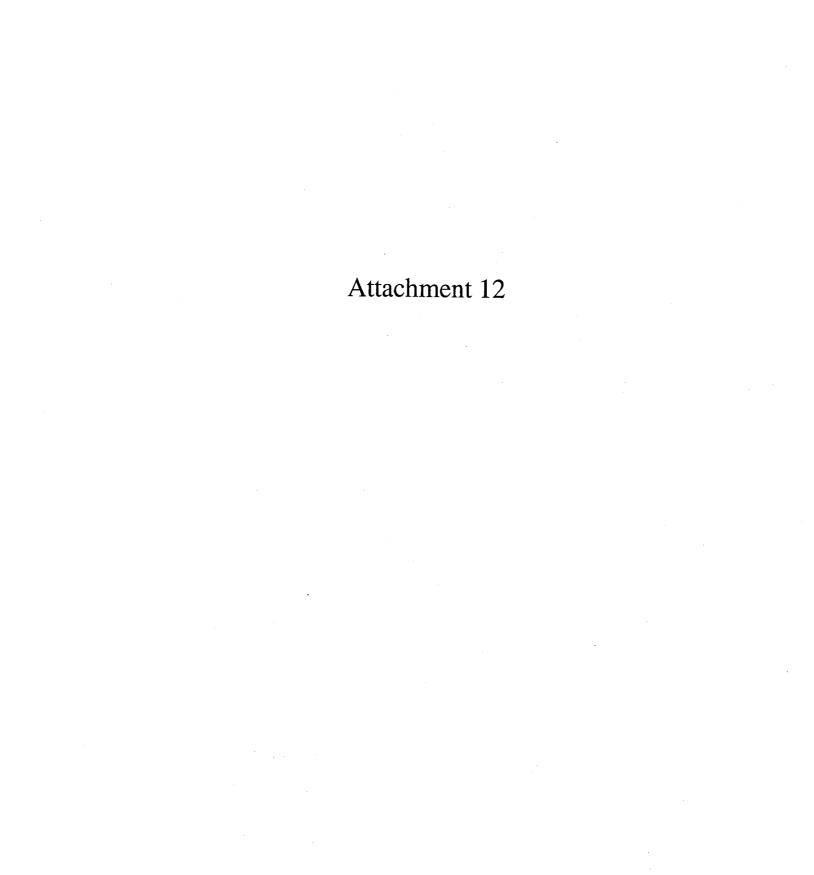
Petroleum Infrastructure General Obstacles to Optimizing Product Delivery

The following are comments from facility operators that have either (1) caused significant delays in the maintenance, modification, or expansion of facilities and infrastructure or (2) resulted in the cancellation or postponement of new facilities and infrastructure.

- Unpredictable Lengthy Permit and License Application Review Process
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- Lack of Expedited Permitting Structure for Small Projects (i.e., single IC engine)
- Lack of Coordination among Multiple Agencies

Potential solutions for many of the above issues may include:

- Streamlining Ministerial Permit Actions
- Establish Expedited Permit Decision and Appeal Deadlines
- Consider Critical Petroleum Infrastructure Consistent with Utility Infrastructure
- Conduct Comprehensive Review for Consistency of Petroleum Infrastructure Regulations



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IS THE EPA DOING ENOUGH?

Since 2001, EPA clean-air enforcement actions have been declining

By Jeff Claassen and Scott Streater Star-Telegram Staff Writers and Seth Borenstein Knight Ridder News Service

Fifteenth Street and a chain-link fence are all that separate the residents of Carver Terrace apartments in Port Arthur from a refinery that discharges millions of pounds of harmful chemicals into the air every year.

A light, yellowish haze hangs in the air, powdering bed sheets hung outside to dry and the tops of parked cars. There is also a heavy chemical smell. Apartment residents hate the refinery odor, which Hollis Ivory, 64, says "runs you inside" on some days.

Residents hoped for a change after authorities announced in March 2001 that the refinery's owner, Motiva Enterprises, had agreed to millions of dollars in pollution-control measures. The improvements, to start within months, would reduce emissions of carcinogens and other chemicals linked to respiratory disease, cardiovascular problems and even premature death.

Finally, someone was going to make sure the air got dramatically cleaner.

But the refinery's toxic air emissions increased in 2002, the latest year for which federal pollution data is available. And the refinery hasn't had a full-scale inspection since 2001.

Nationwide, since the Bush administration took office, federal and state authorities have sharply cut back on clean-air enforcement actions at many of the nation's 145 oil refineries, even though they remain among the country's worst air polluters, a three-month investigation by the *Star-Telegram* and Knight Ridder has found.

Enforcement at refineries peaked during the Clinton administration, then began to tail off. The trend accelerated after President Bush took office. Environmental Protection Agency officials say they have adopted a less adversarial approach to environmental enforcement for all industries.

No industry has benefited more than refineries.

Comprehensive clean-air inspections, a crucial step in identifying violations, are down 52 percent for refineries since 2001, compared with 4 percent for all industries, according to a *Star-Telegram* analysis of federal and state records.

Notices of violations have plummeted 68 percent for refineries, compared with a 24 percent drop for all industries. And formal enforcement actions are down 31 percent for refineries but less than 1 percent for all industries nationwide.

"That's stunning data," said Dan Esty, a former senior EPA official in the administration of George H. W. Bush and director of the Yale Center for Environmental Law and Policy. "What it tells me is that a signal has been sent in a clear way of where this administration wants to spend its environmental priorities. It's not bringing the oil industry to heel."

But Tom Skinner, EPA's acting assistant administrator for enforcement, said the drop in inspections is not surprising or significant.

"It would be an incorrect assumption to conclude from [those numbers] that our efforts with regard to refineries have somehow been diminished or that we're somehow going easy on refineries."

Instead, Skinner said, the EPA, through legal settlements known as consent decrees, is resolving pollution violations. "What we're forcing them to do is make incredibly expensive, significant improvements to those refineries to bring them up to current standards and improve air quality in this country," Skinner said.

Because of that effort, refinery inspections may be down because inspectors are being diverted to other jobs, Skinner said.

"It's by no means a free pass to these folks."

But EPA records, court documents and some environmental regulators call that into question. Four former Republican administration environmental officials and several state air-quality regulators say they are troubled by the findings:

• Enforcement actions have dwindled because the agency cut back inspections of refineries that have signed consent decrees, and the agency has not been inspecting refineries that are negotiating the settlements, some EPA officials said.

Most major refineries have signed or are negotiating consent decrees.

"In an effort to act in good faith, we don't inspect while we're trying to settle with them," said David Garcia, the EPA Region 6 air enforcement section chief in Dallas, whose office is responsible for regulating more than a third of the nation's refineries.

• Some state environmental officials say enforcement has suffered because under the Bush administration, the EPA has retreated. The agency doesn't hold the line in negotiations and has weakened rules that gave regulators leverage in enforcement cases, they say.

"EPA has sought quite visibly and publicly to weaken the rules and enforcement" on refineries, said New Jersey Environmental Protection Commissioner Bradley Campbell, a regional EPA administrator under President Clinton.

- The agency's approach can underestimate the scope of some major sources of refinery air pollution: leaks and accidental emissions.
- Refineries' increased self-reporting of pollution data has in many cases replaced on-site inspections by government regulators, and the EPA does little or nothing to ensure that the companies' reports reflect reality.

In a scathing report last month, the EPA's Inspector General, the agency's independent auditing arm, ripped federal regulators for making virtually no effort to ensure that refineries are complying with consent-decree mandates and that pollution is reduced.

The EPA has attacked the findings, but federal regulators concede that they can't quantify air-quality improvements resulting from the decrees.

John Fogarty, associate director for the EPA's air-enforcement division in Washington, said he is confident that emissions are decreasing. "But by how much, and how much are we going to be able to attribute to the consent decree, I can't tell you yet," he said.

Industry leaders say government regulators watch them as closely as ever and that they installed billions of dollars of pollution-control equipment in the 1990s.

Since the 1980s, air emissions of a number of chemicals have been reduced by about half. But most improvements came by 1995, EPA records show.

"I would challenge anyone who says enforcement is inadequate to say where are the downsides -- is there any evidence to say emissions reductions are not continuing? If there is, I'm not aware of it," said Ed Murphy of the American Petroleum Institute, an energy lobbying group.

Critics accuse the Bush administration of being more interested in crude-oil production than clean air.

"It's no secret that this administration is emphasizing increased capacity," said Patrick Parenteau, director of the Environmental and Natural Resources Law Clinic at the Vermont Law School. "If emissions get in the way, [air regulations] are going to go by the wayside."

Shell Oil, which co-owns Motiva, says it is making the improvements required by its consent decree. But refinery neighbors say they're still waiting for changes to make the air noticeably cleaner.

"It would help a whole lot," Ivory said. "Everybody out here would appreciate that."

Stretched thin

Texas and Louisiana are home to five of the nation's 10 worst offenders when it comes to toxic air pollutants from oil refineries. Collectively, those five emitted 8.5 million pounds of toxins in 2002.

But the EPA regional office responsible for those states, along with Oklahoma, Arkansas and New Mexico, has no air inspectors dedicated to the region's 50 petroleum refineries. The office's 15 air inspectors are responsible for about 3,000 industrial facilities that the EPA has classified as "major" emission sources, Garcia said. That's a ratio of one inspector per 200 plants.

Hamstrung by the workload and by budget constraints, EPA inspectors in Region 6, and in other regions of the country, don't visit refineries often for comprehensive inspections, federal records show. Throughout Region 6, 60 full-scale air inspections were conducted at oil refineries in 2003 -- by far the fewest since at least 1984.

Inspectors made other visits, but they were for much more limited reviews of specific issues, termed partial inspections by the EPA and not counted by the agency in its annual performance reviews.

"I can say that when we do go out to the refineries, we find compliance issues," Garcia said.

The EPA says that to make the best use of its resources, it has delegated authority for the day-to-day handling of refineries to some states. All Region 6 states, for example, have taken over this responsibility.

"We're asking the states to inspect those facilities every other year," Garcia said.

That's not always happening.

BP's Texas City refinery, the nation's largest, emits more toxic pollution into the air than any other U.S. refinery. Yet it hasn't had a comprehensive air-quality inspection in nearly three years, according to EPA records.

"No one can say this part of the country has a credible enforcement program," said John Wilson, executive director of the Galveston/Houston Association for Smog Prevention, a nonprofit air advocacy group.

In the Corpus Christi area, Valero's refinery hasn't had a full-scale inspection in three years and one month, the Koch Petroleum refinery in four years and two months.

"If we feel like we need to [inspect] every year, we will; if we feel they have a really good program, we may skip them a year," said Buddy Stanley, director of the Texas Commission on Environmental Quality's Region 14, which includes refineries in the Corpus Christi area.

In other parts of the country, from Chevron's refinery in El Segundo, Calif., to Premcor Refining Group's plant in Delaware City, Del., refineries with long histories of violations have also gone years without full inspections.

States are struggling with budget constraints that have left them unable to keep pace with work demands. They don't have enough inspectors, and many of those they have aren't specially trained for refineries. Without such training, inspectors can easily be misled or overwhelmed by technical data.

In Texas, which has more refineries than any other state, the Commission on Environmental Quality is responsible for inspections. But like the EPA, it has no air inspectors dedicated to refineries.

Instead, the air inspectors, now down to 129 after steady declines since 1998, handle compliance for as many as 2,000 major industrial sources from Brownsville to Amarillo.

In Louisiana, state budget cuts have hampered the state Department of Environmental Quality. The agency allowed 15 percent of large air-polluting facilities to go three years or more without an inspection between 1995 and 2001.

"We're really spread thin," said Peter Ricca, the agency's criminal-investigations manager.

Linda Fisher, a former deputy EPA administrator appointed by Bush, said that if lower-level EPA officials decided that enforcement is not an agency priority, it did not come from anything Bush administration officials said.

"There was not any signal, direct or indirect, to stop doing inspections on the refineries," said Fisher, who left office a year ago.

Fisher said enforcement spending was beefed up under the Bush administration. Budget figures show an overall increase for enforcement but a decline in the number of EPA enforcement officials.

Some state environmental regulators say the EPA leadership has not only signalled a pullback in environmental enforcement but has also undermined some state efforts.

Oklahoma's air-quality chief, Eddie Terrill, said EPA Region 6 "is not aggressive," so Oklahoma, which once had a reputation for being weak on enforcement, now gets complaints from industry that it is too tough by comparison. And the state hasn't changed its methods, he said.

"The floor has moved [down], and part of that is that EPA has not been as vigilant as we'd like," he said.

Adam Kushner, who heads the air-enforcement office, said that in negotiations the EPA and Department of Justice are far tougher on refineries than states and are "insisting on more controls."

Yet the agency's lawyers have been told they cannot file lawsuits without getting permission from EPA Administrator Mike Leavitt, EPA Assistant Administrator for Air Jeff Holmstead or EPA assistant enforcement administrator Skinner, all political appointees, according to one EPA enforcement attorney, who spoke on the condition of anonymity.

That policy isn't new, Skinner said. EPA leaders have always made the decision on whether to file lawsuits or refer cases for prosecution, Skinner said.

Not so, said Eric Schaeffer and Sylvia Lowrance, both former top enforcement officers who quit two years ago to protest Bush administration policies. "That was not my experience during my tenure at the agency," Lowrance said.

Honor system

When BP signed a consent decree in January 2001, it pledged to reduce tons of lung-clogging pollutants emitted each year from particularly problematic equipment at the Texas City refinery.

And Bill Stephens, a BP spokesman in Houston, said emissions of nitrogen oxides and sulfur dioxides decreased between 2001 and 2003.

The state takes BP's word for that. The company, and refineries throughout Texas, send in reams of data that could be used to analyze whether specific pollution controls are working as required by consent decrees. But environmental regulators don't routinely do the analyses.

"The numbers are up to the companies to supply," said Adria Dawidczik, a Commission on Environmental Quality spokeswoman in Austin. "We do rely on the companies to be accurate in reporting them."

The emission data illustrate a fundamental flaw in the regulation of refineries, critics say: the government's reliance on industry-reported data.

"They are the lords of their own information, and it is up to them to be honest about this stuff," said Chris Brown, a lawyer with the Tulane Environmental Law Clinic in New Orleans.

Inspector General Nikki Tinsley questioned whether the EPA should operate under an honor system.

"EPA relies on the self- certifications of the companies, which are often companies that have a history of avoiding compliance," Tinsley said.

The EPA has found that refineries' leaks are as much as 10 times higher than they report, which, the EPA said, poses significant health and environmental risks.

A 1999 EPA study, in a sampling of 17 refineries, found they were not following legally prescribed guidelines to monitor leaks. For example, monitoring equipment wasn't placed correctly and was not always in place long enough to collect valid samples.

Fogarty, with the EPA in Washington, said the consent decrees stipulate penalties for companies that provide false information.

Even if the information is accurate, all the new reports streaming in to regulators create an avalanche of data that can overwhelm inspectors, environmental-law experts said. Among the reports regulators receive are "stack-tests" gauging pollution from smokestacks, as well as real-time data from monitoring equipment and Web-based cameras that operate 24 hours a day.

"You start to wonder, who is looking at all of this data?" said Arnold Reitze, a law professor at George Washington University's law school who specializes in the federal Clean Air Act.

In some cases, the answer is no one.

In a 2002 study, the Inspector General found that state regulators in Louisiana were not reviewing emission data from companies and that the EPA was doing a poor job overseeing Louisiana's efforts.

The Region 6 office has yet to correct the oversight problems but is working on it, Garcia said. "It is a lot of paperwork, and that's real tough to deal with."

In its June report, the Inspector General found similar problems nationwide. Though the EPA receives numerous reports with emission data for the most significant sources of refinery emissions, enforcement officials do not use this information to monitor or verify progress, nor do they plan to do so.

The Inspector General recommended that the EPA gauge compliance with consent- decree provisions every three months, but the agency responded that it will do so once every four years. And that review will be based on "company-developed sampling and monitoring plans," the Inspector General noted.

Looking at emissions once every four years "doesn't make any sense," said Russell Train, EPA administrator under Presidents Nixon and Ford and co-chairman of Conservationists for Bush in 1980. "It's outrageous. It's essentially letting them off the hook."

The EPA says the consent decrees are meant to achieve long-term emission reductions, not improvements that could necessarily be measured in the short term. However, that wasn't always the impression given when the decrees were announced.

The EPA and the Department of Justice do not mention in news releases that air-quality improvements could take years. Instead, they say thousands of tons of pollutants will be removed from the air every year.

The Inspector General also rebuked the EPA for not telling state environmental regulators to confirm that consent-decree mandates are being met, for not requiring refineries to submit data to show whether they are meeting mandated deadlines and for almost always being tardy in responding to company proposals for pollution controls and emission limits.

In response, the EPA said that not all data that refinery companies submit require a written reply. The EPA also said the evaluation was unfair because it did not recognize the agency's significant commitment to cutting air pollution "in an era of shrinking resources."

EPA officials say that petroleum refineries remain an enforcement priority and that compliance has been good.

"We are watching them, we are following what they're doing and we are building a track record," Fogarty said.

Some refinery officials say they haven't noticed any easing of enforcement. Shell stated in a written response to the *Star-Telegram* that it now sees more EPA investigations of flaring and other potential violations and must submit more reports.

The Star-Telegram asked the EPA for copies of the reports it receives from refineries under terms of their consent decrees. The decrees stipulate that "all information and documents" submitted by the companies regarding the terms of settlement "shall be subject to public inspection."

The agency has not released the information. Officials said a legal exemption allows information to be withheld if it is "business confidential," though they would not say what kind of information in the reports is proprietary.

EPA officials also said they could not answer specific questions about whether companies had met deadlines in the decrees.

Included in the information the EPA has not released are details about pollution releases from leaks and accidents, which historically have been underreported by the industry.

Refineries nationwide have made important improvements in cutting those emissions, but they continue to be a significant problem.

More than half the airborne toxins emitted by refineries in 2002 were the result of emergency flaring and leaks from refineries' many pumps, valves and pipelines, according to federal statistics.

Even a modest refinery processing 120,000 barrels of crude oil each day can have 100,000 connection points.

"These plants have miles and miles of piping, and these pipes have gases in them, and those pipes leak," said Neil Carman, a former state air inspector who now directs the clean air program at the Sierra Club's Lone Star chapter.

The first thing visitors flying into Baton Rouge see is the massive Exxon Mobil refinery and chemical plant between the airport and downtown. Dense networks of pipe shroud huge cylindrical tanks.

Bob Landry, a union official familiar with the refinery, said workers have been seeing more equipment breakdowns, which contribute to leaks.

Though the company says it has spent an annual average of \$42 million in the past 10 years on pollution controls and though toxic-chemical emissions fell 75 percent between 1988 and 2002, the refinery remains one of the nation's most polluting.

At the Shell Deer Park refinery near Houston, the county attorney has sued Shell, claiming five air-quality violations, among them an April 2002 fire that forced the closing of Texas 225 and sent plumes of black smoke into nearby neighborhoods, forcing residents to stay indoors.

Peggy McCullen Connor, 45, who lives in neighboring Pasadena, has seen enough.

"I'm moving," said Connor, who worries that the pollution is harming people. "As soon as I find the right place, I'm out of here."

Changing tactics

The Premcor refinery in Delaware City, Del., is a sprawling complex, including more than 100 tanks and machinery dating back almost 50 years. Its neighbors include chemical plants, a federal Superfund clean-up site -- and a youth league ballpark.

Nearby residents hoped the facility would finally be held accountable for severe air-quality violations when a consent decree was finalized in August 2001. But not long after the deal was done, then-owner Motiva Enterprises, the state of Delaware and the EPA began secret negotiations to amend it.

Critics say that the EPA has weakened enforcement further by not holding companies to the agreements they sign and that this is just one of several ways in which the decrees don't live up to the ballyhoo.

Since late 2000, the EPA has signed consent decrees with 11 oil companies, covering 42 of the 145 operating U.S. refineries. The settlements set deadlines for the companies to pay nearly \$40 million in penalties and install an estimated \$1.9 billion in pollution controls, among other requirements. In return, companies are released from liability for past violations.

Negotiations are under way with about six companies responsible for another 40 percent of the nation's refining capacity, the EPA's Fogarty said.

The EPA predicts that after the changes stipulated in the settlements are implemented, there will be annual reductions of 44,000 tons of nitrogen oxides, which contribute to ozone, and 95,000 tons of sulfur dioxide, which contributes to acid rain and soot.

"These settlements are a victory for the environment and the public," Attorney General John Ashcroft said in announcing December 2001 consent decrees with three oil companies.

But in some cases, the decrees call for pollution-emission reductions that would have resulted from existing state requirements. For example, an October 2003 agreement with Chevron U.S.A. covering two California refineries called for reductions in nitrogen oxides emissions, but a significant portion of the goal could be met by pollution-control activities already required by state law.

Other decrees rely on equipment and methods not yet proven effective in controlling refinery emissions.

EPA officials acknowledge that some cutting-edge pollution controls have not worked as well as hoped. John Jones, an environmental engineer in Region 6, said a number of refineries have used additives intended to reduce emissions while elaborate pollution- control equipment was designed and installed. But in rare cases, Jones said, the technology has not worked as effectively as expected.

The EPA has quietly amended at least two completed consent decrees -- one involving four Conoco refineries and a Suncor Energy refinery, the other involving the Motiva refinery in Delaware -- pushing back deadlines to install emission-reducing technology.

"If consent decrees are being modified without the same degree of public notice as when they were being entered, I would find that very troublesome," said Stan Legro, assistant EPA administrator for enforcement under President Ford. "It would be a way of end-running the public process."

In Delaware, four months after the consent decree was announced, Motiva had a deadly accident involving an exploding vat of sulfuric acid and needed to make immediate capital improvements.

It wanted to cut costs elsewhere and proposed installing less-expensive pollution controls that it said could "achieve greater reductions" of some pollutants, according to court records and officials involved in the deal.

When the public found out, state officials said the switch would save Motiva \$70 million but allow massive runoff of sulfur products into the Delaware River.

"This proposal makes a mockery of more than 30 years of effort by state and federal agencies to force companies to take responsibility for the environmental and human health damage that are caused by their operations," wrote Nicholas DiPasquale, Delaware's top environmental regulator, in a letter to the governor after his 2002 resignation.

In the face of intense public opposition, regulators eventually ordered Motiva to use the technology required in the original consent decree. But the EPA gave the company a few extra years to comply.

Today, the refinery remains out of compliance with federal clean-air standards, according to federal records.

Said Linda Bailey, who lives three miles from the refinery: "I don't think we've seen EPA do anything."

When the Clinton administration began to seek the decrees, refineries had to be pressured to negotiate because the EPA cut tough deals, said state environmental officials. But since the Bush administration took over, the "EPA is more willing to look at maybe less stringent controls in order to get a deal," said a state environmental official who spoke on condition of anonymity.

"What happens in these package deals is that everyone wants what the last person got, and you keep moving the line lower," the official said.

The refinery industry itself was leery of the settlements. Reaching agreements with individual companies could take years, while different rules would apply to different refineries, said Bob Slaughter, president of the National Petrochemical & Refiners Association, and Murphy of the American Petroleum Institute.

"The biggest proponent of widespread and fair and equitable enforcement is industry, because nobody wants costs imposed on him that isn't imposed on the next guy," Murphy said.

Schaeffer, who spearheaded the refinery initiative until he stepped down in 2002, said the plan was to get quick settlements with all refineries.

But delays caused by politics ended up rewarding companies that had not settled, said Schaeffer, who founded and runs the Environmental Integrity Project. Companies that didn't sign decrees should have been taken to court for their violations, he said.

One of the largest companies that has not settled is Exxon Mobil, which has seven U.S. refineries, including the one in Baton Rouge.

Nearby residents aren't surprised to learn that emissions of two pollutants linked to a host of respiratory problems increased 30 percent from 2002 to 2003.

"I have asthma, and it comes on every night," said W.J. Christopher, who lives across from the refinery with his wife, Rose, and their children. "You smell something all the time."

Ulysses Addison, a Baton Rouge city council member who represents the area north of the refinery, compared government oversight of refineries to a fire department's work. Action comes only when someone else sounds the alarm.

"Inspections shouldn't be caused just by complaints," Addison said. "You can't wait until the house is fully on fire and about to burn down before sending the firefighters."

News researcher Stacy Garcia contributed to this report.

ABOUT THIS PROJECT

For this project, the Star-Telegram analyzed information from the federal Environmental Protection Agency and Texas Commission on Environmental Quality. The reporters relied on computer databases that include hundreds of thousands of records. The records include compliance and enforcement data for industries regulated by federal, state and local airpollution agencies, details about toxic pollution releases and data on court and administrative penalty cases.

The Star-Telegram obtained the data using the agency's Web site and EPA's Integrated Data for Enforcement Analysis at the National Computer Center in North Carolina.

Star-Telegram investigative reporter Jeff Claassen analyzed the data. Working with him on the project were Star-Telegram environmental reporter Scott Streater and Seth Borenstein, who covers the EPA for the Star-Telegram's parent company, Knight Ridder, in Washington, D.C.

The reporters also examined hundreds of pages of documents and conducted numerous interviews during three months of research. Their work included visits to refineries in Texas, Louisiana and Delaware.

Star-Telegram photographer Rodger Mallison and Knight Ridder photographer Chuck Kennedy also worked on the project. Librarian Stacy Garcia, reporter Aman Batheja and artist Steve Wilson provided research assistance.

Project editors were Lois Norder and Mark Horvit. Photos were edited by Mark Rogers. Copy editors were Tim Sager, Jay Goldin and Julie Adelsberger.

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